

Draft telco rules offer privacy, rate info and credits

Privacy, rate quotes, performance standards, and credits for missed appointments are just some of the telephone consumer protections being considered by the commission.

The commission is nearing the end of a sweeping review of its telecommunications consumer rules. The rules range from starting up telephone service to service disconnection and issues in between. Many of the rule changes simply update or clarify existing language. But in other areas, the commission covers new ground.

Copies of the draft rule can be viewed via our website (wutc.wa.gov/990146) or we can mail you a copy of the 90-plus page document. Comments will be taken through spring with a final decision expected in summer.

PRIVACY

In recent months, attention has focused on the commission's rewriting of its privacy rules. The rewrite is necessary because of a federal court decision that tossed out a similar privacy rule by the Federal Communications Commission.

The UTC's proposed rule offers the strongest telecommunications privacy protection in the country. It would prevent any phone company from using a customer's detailed calling information for any purpose, other than providing service, without the permission of the customer. Further, the proposed rule would require a phone company to get a customer's written approval ("opt in") before allowing access to their account information by any unaffiliated company. For any uses of near-personal customer information, such as how many phone lines you have and whether you use call waiting service, the proposed rule requires phone companies to clearly inform customers of the use and to allow customers to deny ("opt out") permission.

Continued on Page 3

PSE interim rate increase is less than requested

The commission's approval of the Puget Sound Energy settlement on interim rates calls for an accelerated resolution to the company's request for a permanent rate increase.

But in the short term it means a rate increase for customers while the long-term rate is worked out.

For now, residential electric bills rise by 8.7 percent for three months, starting with April's electricity bill. Puget had originally requested a 21.6 percent temporary surcharge for seven months. The approved increase will allow the utility company to collect \$25 million in new revenues over the three-month surcharge period. PSE had asked for \$171 million during the seven months from March 1 through Oct. 31.

With the interim rate increase settled, attention can turn toward the company's request for permanent rates. Puget had originally sought a \$228 million annual increase in electricity rates (16.5 percent) and an \$86 million raise in natural-gas rates (14.5 percent).

The settlement trims PSE's request for an electricity rate increase to no more than 6.5 percent and its natural-gas rate hike to no more than 9.1 percent.

Continued on Page 5

CONSUMER NEWS IN BRIEF

Qwest pays penalty for illegal rebate program

In a settlement with the commission, Qwest has agreed to pay \$100,000 for offering unpublished rebates to certain large business customers.

The illegal discounts were part of a “customer loyalty program” operated by the company in 1999 and 2000. It offered discounts to very large customers who use the company’s Centrex business service. Because the rebates were not included in tariffs or contracts filed with the WUTC, other customers and competitors could not know that the rebates were available.

Calling Party Pays fades away for now

Qwest has announced the termination of its “calling party pays” billing service for wireless companies. The service, launched in 1996, allowed wireless companies to bill Qwest customers through their traditional phone bill for calls made to any wireless phone subscribing to the “calling party pays” service. The service is not regulated by the commission.

No new area code for Eastern Washington

UTC commissioners have officially dismissed the telephone industry’s request to add a new area code to Eastern Washington.

Eastern Washington has had a single telephone area code – 509 – since 1957. Two years ago, phone companies operating in the state proposed to add a second area code that would overlay the 509 area code. The industry projected that it would need the new area code by April 2002. Instead, more efficient uses of phone numbers and prefixes, adopted at the UTC’s prompting, have eliminated the need for a new area code at this time.

UTC dismisses tribal tax complaint

After reviewing legal arguments, the UTC determined that utility companies should continue to “pass-through” tribal taxes to customers who are not tribal members.

The common practice of allowing utility companies to pass through the effect of local business taxes to customers within the taxing jurisdiction was challenged by two groups of customers who live on tribal lands but are not tribal members. The customers argued the taxes were illegal. Yet, the commission could not, based on the evidence, make the same conclusion.

The commission’s order states: “Until a court of competent jurisdiction has ruled that the tribal utility tax, or an analogous tax, is clearly illegal, we will not reject the pass-through of the Lummi and Swinomish utility taxes.”

Early warning provides time to replace service

In our state, you should not be caught by surprise if your phone company decides to stop offering a service.

If a company wants to stop offering a particular telephone service or is going out of business, it must, according to UTC rules, provide its customers with written notice 30 days before ending the service. The notice time provides customers with the opportunity to make other arrangements for phone service. The UTC requirement applies to local and long-distance service as well as other regulated telephone services. A second notice, either oral or written, must be given to remaining customers at least 15 days before the service ends.

Savings of time, money with e-mail delivery

With budget cuts looming, we’re looking for ways to continue providing this free consumer newsletter, but at a lower cost. One measure which saves dollars is to deliver this newsletter electronically to your email account.

Email subscribers not only get this consumer newsletter (viewable with a free Acrobat Reader) but they also receive brief monthly updates.

Send an email to Tim Sweeney (tsweeney@wutc.wa.gov) to start receiving this newsletter electronically.

The other way we’re saving money is to print this newsletter using only one ink color.

New phone rules

Continued from Page 1

PAY PHONE\HOTEL RATE QUOTES

In response to continued consumer complaints about being burned by high rates when using pay phones and hotel phones, the draft rule would require rate quotes. If the company connecting the call charged above a benchmark rate, the operator would have to provide a rate quote. The proposed benchmark is 50 cents per call plus 50 cents per minute: \$1 for a one-minute call, \$3.00 for a five-minute call, \$5.50 for a 10-minute call.

The draft rule extends rate quote requirements to cover all types of calls made from pay phones or hotels including calls made by customers who dial around a phone's presubscribed company to an alternative carrier.

CUSTOMER CREDITS

Some of the proposed rules focus on the local phone company's performance by establishing target levels backed up by penalties and credits for customers. For instance, the proposed rules would require that 90 percent of new or relocating customers receive local phone service within five business days. If the company failed to meet that standard, penalties could be applied.

In addition, if a company fails to activate service when promised, it must issue a credit to the customer. Another credit of \$50 is required under the draft rule if a company fails to show up for an appointment within a four-hour window.

Qwest customers get some credit

Each Qwest customer will see a \$1.32 credit on their phone bill in April due to the company's failure to meet service-quality standards.

The Washington Utilities and Transportation Commission (WUTC) required Qwest to pay \$3.2 million because the company failed to meet some of its service-quality standards. The standards stem from an agreement made when Qwest was allowed to merge with U S West in 2000.

The merger agreement set up a customer service program that measures the company's performance on eight standards, including restoring service interruptions quickly, timely processing of new orders and answering phone lines promptly. Depending on the company's performance, customers may collect up to \$20 million a year in customer credits.

In 2001, the first year the program was in effect, Qwest's performance missed the standard for five of the eight measures.

DID YOU KNOW THAT

Your heating bill includes a fixed amount that you have to pay each month, regardless of how much gas or electricity you consume. The charge captures some of the fixed, monthly costs associated with providing you utility service, such as meters, billing and the wire or pipe to your home. Without this fixed, monthly charge on your bill, your per-kilowatt or per-therm rate would be a bit higher. If you get gas and electric from the same company, your bill will include both charges.

COMPANY	AVISTA ELEC.	AVISTA GAS	CASCADE GAS	N'WEST GAS	PACIFIC ELEC.	PSE GAS	PSE ELEC.
MONTHLY CHARGE	\$5	\$5	\$4	\$4.25	\$4.40	\$4.46	\$5.44

Avista settlement results in five percent increase in electricity rates

Avista customers received a five percent increase in their electricity rates in March after the commission approved a settlement agreement on the company's request for an interim rate increase. The approved settlement cut the requested increase in half.

On Feb. 22, the four parties in the case filed a negotiated settlement agreement asking the commission for approval. The four parties are Avista, commission staff, the Public Counsel section of the Attorney General's Office and a group representing large industrial customers.

The approved settlement puts to rest the issue of whether the company will be able to recover its power purchases incurred in 2000 and 2001. The decision allows Avista to recover 90 percent of its costs, or \$196 million, in customer rates with the remaining \$21 million absorbed by Avista stockholders. The recovery of these costs means that the 25 percent surcharge that was applied on Avista rates beginning last October will stay in place until the \$196 million is recovered.

The commission heard from more than 800 Avista customers, all opposed to the rate increase. Many of these customers expressed hardship over paying higher energy bills. As a result, the settlement includes several measures that attempt to soften the blow on some customers. (See sidebar for details)

The company still has a general rate case pending where if the company prevails, customer rates would increase another five percent over current levels. The general rate case should be concluded by the end of November.

Decision includes customer package

Under the settlement agreement, Avista agreed to the following:

1. Extend the Winter Low-Income Payment Program until the end of the general rate case. This program would have terminated March 15.
2. Relax eligibility restrictions and promote the Comfort Level Billing Plan which allows customers to pay an average monthly amount. This allows customers to spread some of the cost of high winter bills over the rest of the year.
3. Allow customers to pay their deposit over a three-month period instead of one upfront payment.
4. Promote the company's CARES program which makes available customer service representatives specifically dedicated to working with special needs customers on available options and resources for bill payments.
5. Encourage individual giving to the Project Share program which provides emergency energy assistance, including a \$50,000 company contribution.

Website Info

Home Page

www.wutc.wa.gov

Avista Rate Case Page

www.wutc.wa.gov/011595

Puget Sound Energy Rate Case Page

www.wutc.wa.gov/011570

Consumer Information Page

www.wutc.wa.gov/consumer

Puget decision affects more than just interim rates

Continued from Page 1.

If the parties reach agreement on all remaining issues in the general rate case, the permanent rates for electricity could be in place as early as July 1 to replace the three-month surcharge. September 1 is the target date for new, permanent natural-gas rates. Both would require further approvals from the commission. Before the settlement, new rates would not have gone into effect until Oct. 27.

Other items included in the approved settlement are:

- « Permitting customers to “opt in” to Puget’s “time-of-use” program. Previously, customers were automatically enrolled into this program which charges different rates for electricity depending on when the electricity is used.
- « Committing the utility to increase its equity or investment ratio to 40 percent over the next few years; and
- « Agreeing to continue negotiations in an effort to resolve the many complex issues that remain in the case.

Fourteen parties joined in the settlement agreement, which was presented to the commission March 25, including: the Public Counsel division of the Attorney General’s Office, WUTC staff members, large industrial and commercial customers, consumer groups, environmental organizations and the company.

As part of the agreement, Puget also withdrew a variable rate plan that would have permitted customers to choose to pay the daily ups and downs of the wholesale power market.

The agreement did not require the company to change its dividend policy. That decision was made by Puget’s board of directors on its own volition. On the day the settlement was announced, Puget’s board decided to reduce the company’s annual common stock dividend from \$1.84 to \$1 per share. According to the company’s press release, the dividend reduction became effective with the common stock dividend payable on May 15, 2002, to shareholders of record on April 19, 2002.

Public Counsel

Your voice at UTC hearings

As a Washington citizen and customer of a regulated utility, you have been assigned an attorney to represent you. Your lawyer is the Public Counsel with the state Attorney General’s office.

If you have ever attended a formal public hearing of the commission, you have seen Public Counsel introduce and interview public witnesses.

In a major rate case, Public Counsel is actively engaged representing the consumer’s interest. The office obtains information from the utility, other parties and the public, retains expert consultants to analyze the case, cross-examines expert witnesses, presents its own witnesses, and files legal briefs.

While this role may sound similar to the role played by commission staff, the difference is in the client. Commission staff’s objective is to analyze filings and present evidence in the broader “public interest” while Public Counsel’s objective is to focus in on and represent the consumer’s interest.

Public Counsel was involved in the negotiations involving Avista and Puget Sound Energy interim rates. The office also is involved in several telephone cases, including whether Qwest should be allowed entry into the long-distance telephone market.

Public Counsel is staffed by two attorneys, two policy analysts, one legal secretary, and one law clerk. They can be reached by mail at 900 Fourth Ave. Suite 2000, Seattle, WA. 98164-1012, calling (206) 464-6907 or by email at: utility@atg.wa.gov.

FREQUENTLY ASKED QUESTIONS

Local calling areas explained



What is a long-distance phone call?

Your local phone service includes unlimited calls within a local calling area without incurring any additional charges. When you dial a number that is outside your local calling area, you pay a per-minute long-distance charge.

How do I know it's a long-distance call?

Long-distance calls require dialing "1" first. If you don't dial "1" on a long-distance call, you will receive a message that the call cannot be completed. You can also look up your local calling area in the front section of your phone book.

What if I dial "1" first and it's NOT a long-distance call?

In Western Washington, your call will still go through as a local phone call. You will not be charged any long-distance charges for that call.

Why is Everett (or some other big city) a local call but a closer town is not?

Suburban and rural calling patterns are heavily weighted toward the nearest major city. Over the years, customers requested, and usually received, local calling into the major city. In some areas, nearby communities can make local calls into the larger city but not to each other.

Why do local rates usually increase when calling areas are expanded?

Long-distance charges help pay for the local phone network. Yet, the cost of operating a local network does decrease when the local calling area is expanded. Thus, when the local phone company loses the revenue from long-distance calls, local rates usually increase to make up the difference.

Would the UTC ever consider expanding my local calling area again?

The commission will only expand local calling areas under the most exceptional circumstances. At a minimum, customers would have to file a formal complaint arguing that they do not have local calling access to basic government and community services and that the local phone company has not made available any options to meet customer needs.

What can I do to reduce my long-distance phone bill?

The best solution to large long-distance phone bills is to shop for a better local or long-distance deal.

Ask your current long-distance provider for its best in-state rates. If you don't like the offer, shop for a cheaper in-state long-distance service provider. Look beyond the big three long-distance companies and search the internet for alternatives. Sometimes it may be cheaper to use a different carrier for local toll calls than the company that handles your state-to-state calls.

If you have wireless phone service that includes a free long-distance package, you should consider using your wireless phone for some or all of your long-distance calls.

If you're making frequent long-distance calls to a business, ask if they have a toll-free number that you can use instead.

Also, you should contact your local phone company and ask what options it can offer you. Some areas now have competing local phone providers. Check their offers to see if they can meet your needs better than your existing provider.

What you should know about privacy

Thanks to increased media coverage of the 'identity theft' phenomenon, many Americans are beginning to understand the importance of privacy. Most would be surprised to discover just how much information about their personal finances, medical records, spending habits, and lifestyles has already been collected in databases, merged together, and shared widely.

Once an in-depth profile of an individual has been created, the information is often readily available to businesses and to other individuals--sometimes for a fee and, in other cases, at no charge. I have compiled references to resources that can help you find out more about all this.

For background on how your personal information is currently collected and used, along with advice for protecting that information as much as possible, start with the fascinating three-part "Privacy Special Report" published in *Consumer Reports* magazine. The May 2000 issue of this magazine includes "Big Browser Is Watching You!" and a related article on financial privacy. The August 2000 issue continues the special report with an article entitled "Who Knows Your Medical Secrets." The final part of this series is called "Selling Is Getting Personal" in the November 2000 edition.

Many Americans also do not realize how advanced the regulation of privacy is in the European community and in Canada. The European Union (EU) privacy laws have been on the books since 1995 and they are very specific and stringent. They influenced the practices of some big American companies when, in November 2000, they led to the creation of the *Safe Harbor* agreement. According to *Safe Harbor*, the American companies are required to follow European privacy standards when they collect and transfer data on European citizens to the United States.

Last year Canada tightened its data privacy laws and Australia and India have also enacted privacy laws in response to the European policy. By contrast, the U. S. seems to prefer self-regulation in many sectors, but may have better issue-based privacy legislation, such as protection for children online. See the articles listed below for more insight into the laws. Your local public library can help you obtain a copy of the articles.

"Will Americans Envy Strong EU Protections?" by Patrick Thibodeau on page 1 of the 11/06/00 issue of *Computerworld*.

"With Nod to Europe, Canada Tightens Data Privacy," by Ruth Walker on page 11 of the 01/10/01 edition of *Christian Science Monitor*.

"Privacy Rules Cross the Pond," cover story of the 07/16/01 edition of *InternetWeek*, written by Ted Kemp.

Other resources for advice and information about the latest privacy developments include the following organizations and websites:

The Center for Democracy and Technology at www.cdt.org

The Electronic Privacy Information Center at www.epic.org

Consumer Protection Association of America at www.consumerpro.com

Junkbusters at www.junkbusters.com

U. S. Federal Trade Commission at www.ftc.gov/privacy/index.html and its Consumer Response Center at 1-877-382-4357, toll free.

Attorney General of Washington's consumer resource centers located around the state or statewide toll-free number 1-800-551-4636 or their "Consumer Privacy Rights" website at www.wa.gov/ago/privacy.

Privacy Commissioner of Canada at www.privcom.gc.ca (with related international links).

Mary Lu White is a Washington State Librarian assigned to support the UTC.

W A S H I N G T O N



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In this Issue

An update on Puget Sound Energy and Avista rate cases, a summary on our proposed telephone consumer rules, including new privacy protections, background on how local calling areas are established and an explanation of those basic customer charges that appear on your energy bills.

Helpful ideas to benefit your wallet. . .

Free Consumer Brochures

Guide to UTC Consumer Services
Guide to Utility Services
Guide to Garbage and Recycling Service
Guide to Household Movers

Free Fact Sheets

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Local Phone Service Competition
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Curbside Recycling
Tips on Pay Phone Use
Phone Solicitation: Protecting your Privacy

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